

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1882 – SB 1952

March 14, 2016

SUMMARY OF ORIGINAL BILL: Defines “middle college program” as a program operated by an eligible public two-year postsecondary institution in partnership with a local education agency that permits rising high school juniors to enter the public two-year postsecondary institution and earn both a high school diploma and an associate degree in two years.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures –
Exceeds \$550,800/FY16-17/
Tennessee Promise Scholarship Special Reserve Account
Exceeds \$1,101,600/FY17-18 and Subsequent Years/
Tennessee Promise Scholarship Special Reserve Account

SUMMARY OF AMENDMENT (013697): Deletes all language of the original bill. Defines “middle college program” as a program operated by an eligible public two-year postsecondary institution in partnership with a local education agency (LEA) that permits rising high school juniors to enter a public two-year postsecondary institution and earn a high school diploma and an associate degree in two years.

Creates a three-year middle college pilot program to encourage rising high school juniors to earn a high school diploma and an associate degree in two years. The pilot program shall begin in the fall semester of the 2016-2017 school year and shall conclude at the end of the 2018-2019 school year. The middle college program shall only be available to students in an LEA that has partnered with an eligible two-year postsecondary institution to establish a middle college program. Sets forth the population parameters for counties in which a student is eligible to enroll in the middle college pilot program. Sets forth the eligibility requirements for student participation in the pilot program. The middle college pilot program award shall be \$1,500 per semester. Creates a special account to be known as the Middle College Pilot Program Account (MCPPA). Requires a one-time transfer of funds in the amount of \$3,000,000 from net lottery proceeds to the MCPPA at the beginning of FY16-17. This funding shall be used for middle college scholarships for the three year length of the pilot program. Requires that \$750,000 be expended in FY16-17 and FY18-19. Requires that \$1,500,000 be expended in FY17-18.

TSAC shall award middle college scholarships to students that are rising juniors in FY16-17 and FY17-18 on a first come, first served basis. Prohibits students who did not receive such awards

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as a rising junior from receiving a middle college award in their senior year of high school. Students who drop out of the pilot program or who fail to maintain eligibility for the middle college scholarship shall not be eligible to reenter the program or regain the scholarship.

Authorizes students who receive a high school diploma and an associate degree to receive a Tennessee HOPE scholarship at the time of transfer to an eligible four-year institution if the student meets certain eligibility requirements. Authorizes students who enroll in, but do not complete the middle college pilot program, to receive a HOPE scholarship within 16 months after their completion of high school, if the student meets certain eligibility requirements. Financial assistance received for courses attempted by students who do not complete the middle college pilot program shall have their HOPE scholarship award amount reduced on a dollar per dollar basis.

Prohibits students who receive a middle college scholarship from receiving a dual enrollment grant. TSAC shall make a report to the Education committees of the General Assembly on the pilot program including whether the program should be continued or expanded by February 15, 2020.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue-

\$3,000,000/FY16-17/Middle College Pilot Program Account

Increase State Expenditures –

\$3,000,000/FY16-17/Lottery for Education Account

\$750,000/FY16-17/Middle College Pilot Program Account

\$1,500,000/FY17-18/Middle College Pilot Program Account

\$750,000/FY18-19/Middle College Pilot Program Account

Other Fiscal Impact – Funding in the amount of \$3,000,000 will not be available for transfer to the Tennessee Promise Special Reserve Account in FY16-17. Any funds not expended at the end of the Middle College Pilot Program in FY18-19 will be transferred to the reserve account at that time.

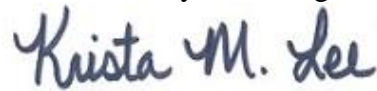
Assumptions for the bill as amended:

- The middle college pilot program shall be a three-year program beginning in FY16-17 and ending in FY18-19.

- The bill as amended requires a one-time transfer of funds from the Lottery for Education Account (LFEA) to the Middle College Pilot Program Account (MCPPA) of \$3,000,000 in FY16-17.
- The bill as amended requires the pilot program to expend no more than \$3,000,000 over the life of the program which shall be expended as follows: \$750,000 in FY16-17; \$1,500,000 in FY17-18; and \$750,000 in FY18-19.
- At the end of the pilot program in FY18-19, any funds not expended from the MCPPA will be considered excess funds in the LFEA and will then be transferred to the Tennessee Promise Special Reserve Account.
- There could be a decrease in the number of dual enrollment grant funds expended from the LFEA during the course of the pilot program due to students receiving the middle college program scholarship being prohibited from also receiving a dual enrollment grant. Due to unknown factors such as the number of students who will shift from the dual enrollment grant program to the middle college program, the total expenditures for the dual enrollment grants, and the possible incentive to enroll in the middle college grant program, an exact impact to dual enrollment grant expenditures cannot be reasonably quantified. Any funds not expended for dual enrollment grants will be considered excess funds in the LFEA and will be transferred to the Tennessee Promise Special Reserve Account.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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